

Putting Strategy to Work - 6 Golden Rules for Successful Strategy Implementation -

Practical Guidelines for Chief Executives and Senior Managers

Most business strategies fail to get implemented or are implemented in a form which is quite different from the original intent. Because of this poor success rate, should organisations spend so much time and resources formulating their business strategies? Should they be more realistic and less grandiose in their plans?

I would argue that the poor track record of putting strategy to work in organisations is due, not to the poor quality of the strategy (although it often can be a contributing factor) but rather to the difficulty most organisations have when it comes to strategy implementation.

Strategy formulation and development is a complex and time consuming task. But it is only the tip of the iceberg when compared to the effort required to turn the strategic intent into operational reality.

I believe on the basis of the considerable experience that Prospectus has of working with clients helping them to develop and implement strategy, that the key to successful implementation is to pay attention to the 6 golden rules below.

The individual rules in themselves may appear pretty obvious but it is astounding how many organisations failure to consider these basic guidelines in their enthusiasm to get started or in their sense of satisfaction at developing the strategy and belief that it will happen purely on the merits and logic of the strategy.

Golden Rule No. 1 Make sure you have a strategy worth implementing

In too many cases, what is referred to as business strategy amounts to no more than a list pious aspirations and wishes - "We will provide the best customer service" "By 1998 we will be number 1 in the Irish market", "We will in all the main European markets". Alternatively, the strategy represents more of what has happened previously with no sense of challenge or stretch for the organisation.

If the strategy is going to get the active support of management and staff it needs to be specific, realistic and gives the organisation something to strive for. The goals and targets in the plan must be understandable measurable. You need to know where you are now and where you want to get to.

For example, if you want to provide the best customer service, does this apply to all your customers or just to certain customer segments. Does it apply to only your market sector or all sectors? Is it only for the Irish market or all markets you serve? Do you measure the quality of your customer service currently? Is the measure or standard you use accepted as appropriate by your staff and customers? How does your current customer service levels compare with that of your competitors? Are customers' service expectations likely to increase? If the strategy is woolly or unclear it is going to be very difficult to implement.

It is surprising, how many business strategies are developed as if the organisation is the complete master of its own destiny. Very little attention is given to competitors, what is happening or likely to happen in the market, what new entrants might enter the market or what will customers want in the future? Even basic research such as asking your customers what they like and dislike about your current products or services and what would they like to see in the future, is often overlooked in the development of the business strategy.

Unless your strategy addresses these types of questions, it will appear vague and unreal and is unlikely to be taken seriously by those who have to try and implement it.

Golden Rule Number 2 implemented

Set out clearly how the strategy is going to be

Once you have your strategy developed and it has been reality checked to ensure that it is comprehensive, realistic, measurable and specific, you need to develop a plan and prepare the organisation for its implementation.

There is always a strong desire to get started and make the strategy happen. “We can’t hang around forever contemplating our navels while the market is moving on”. The time spent on implementation planning is often seen as time wasting, a delaying tactic or paralysis by analysis.

If you have spent considerable time assessing your strengths and weaknesses and identified strategic objectives which need to be achieved it is understandable that you would want to begin to take action to realise them.

However, there are a number of basic issues which should be addressed first. Failure to do so will almost inevitably lead to confusion, inefficient use of resources and frustration when you start the process of implementing the strategy.

What are our priorities? Not every objective in the strategy will have the same level of priority. Have these priorities been made clear? How long have we got to implement the strategy? Can we do it in that timeframe? Will the market allow us the luxury of that timescale? What can we learn from our previous experiences of strategy implementation? What impact will the strategy have on our customers, our people and on how we do things? Who needs to be involved and when? Have they got what it takes to make it work? What are the risks which might prevent us from implementing the strategy and how can we manage or reduce those risks?

These are fundamental questions which must be thought through and addressed in your strategy implementation plan. There is a temptation to gloss over these awkward questions in the hope that it will be “all right on the night” or we can sort them out as we go along. But they have an awful habit of coming back to bite. Spending time on setting out what needs to happen, who needs to do it, when it needs to be done and what could go wrong and therefore needs to be watched and managed, is critical for a successful implementation.

When preparing the implementation plan and putting the implementation infrastructure in place, there is also a need to distinguish between incremental change and radical change. If strategy entails major new departures, changes of direction or dramatic increases or decreases in key performance targets, the level of resourcing and organisation of the implementation effort required should be adjusted accordingly. However, there is no need for elaborate implementation plans and structures if the strategy only involves incremental changes. But those changes will still need to be properly planned and managed, only the scale will be different.

Golden Rule Number 3 Let people know about the strategy

You have to let people know about the strategy. It is not much good keeping the content of the strategy confined to a select few. This may be necessary in certain circumstances during the strategy formulation stage but in the implementation phase, you got to let people know what the strategy is about.

There is a tendency for chief executives and senior managers to be very sparing in what they communicate about the business strategy. In Prospectus's latest survey of chief executives and senior managers in financial services industry, one of the key findings was that only 20% of middle managers and 5% of junior managers fully understand their organisation's strategy. This is an amazing statistic. How can you hope to implement your strategy if most of the front-line supervisory staff do not understand or even know what the strategy is about. If middle and junior management have little knowledge of the strategy it is likely that staff who are at the cutting edge of making the strategy real will know even less about the strategy and what it is trying to achieve. It is your staff who usually have the most direct day-to-day interaction with your customers and suppliers and it is here where your strategy is going to have the greatest impact.

Your strategy implementation plan should also include a communications plan. This plan should set out, who needs be told about the strategy and this should not only include your senior management team, but also the middle management, supervisors, staff, customers, suppliers and other key stakeholders.

Once you have identified who needs to be told, you will need to determine what and when they need to be told. Everyone does not need the same level of detail or background. The different audiences will have different communication requirements. You will need to determine what these are and address them in your plan. The objective of the communication should be explain what the strategy is, why it is required, how it will impact the audience being communicated with (what's in it for me?) and what needs to be done to make it happen.

Don't be afraid to communicate. Ignorance is more damaging than too much information when it comes to successful implementation. The objective of your communications should be to reduce uncertainty. Also remember that communication is an on-going activity throughout the implementation process. Don't assume that just because you conducted a major communications exercise at the launch of the strategy, that all communication needs have been met. It is important that key messages and objectives are continuously restated and confirmed and issues and concerns that may arise during implementation are identified and responded to.

Golden Rule Number 4 Pin numbers on people's backs

It is not sufficient just to develop a very insightful and cogent strategy and hope that logic behind the strategy will be enough to make it a reality. People must be given clear and specific responsibility for making the strategy work.

These responsibilities need to be incorporated in the implementation plan. Responsibility may range from making sure that required actions are taken by others, to doing the actual implementation tasks and activities in the plan. The more people you can involve directly in the implementation process the better. This will create a wider sense of ownership, commitment and responsibility to putting the strategy to work.

If people are assigned responsibility, they must be given the required resources and support to carry out their responsibilities. This may involve freeing up time from their normal daily activities, allocating extra staff or money or equipping them with appropriate skills through training or mentoring.

Accountability must go hand in hand with responsibility. If someone has been given an implementation task, make sure that they do it. Check that the task has started, is on scheduled or is completed. Don't assume that just because it has been allocated to someone that it is happening. If it is not, find out why and what can be done to ensure that it does. Very often people will try and disguise non performance using smoke screens of lots unrelated or unproductive activity. Part of pinning numbers to people's backs, must involve giving them clear, understandable and measurable tasks and reviewing progress at regular intervals.

Golden Rule Number 5 Don't abdicate on your own responsibilities

Sometimes the chief executive or senior managers will tend to withdraw from the process once the strategy has been developed and agreed. "We have done our bit. Set the direction and given the organisation clear objectives and targets to achieve. Now it is up to them to get on with it."

You got stay with it. Don't opt out from the implementation. It is very important that you provide strong leadership in this phase of the process. People in the organisation (and outside the organisation - customers, suppliers) will be looking for clues. They will want to know how serious you are about implementing this strategy. They will look at what you say, how you say it and at the actions you to take to support your words. If people get even the slightest hint that you are not fully committed to the strategy their belief and enthusiasm for it will wane.

Staff must believe that implementing the strategy is one of your top priorities. From the time the strategy is developed, until it is implemented satisfactorily, you must sell the strategy to the organisation and to the other stakeholders. You have to explain your vision and communicate the importance of the strategy for the future of the organisation.

You must play an active part in overseeing the implementation process, rewarding and encouraging people to make it happen. Listen to your staff. Recognise those brick walls which inevitably will be encountered along the way and work with them in identifying ways of going under, over or around these obstacles. Don't stifle initiative and progress with a slow and unwieldy decision process.

The leadership and commitment that you provide to implementation will set the tone for quality of the efforts that others will give to it.

Golden Rule Number 6

Don't forget to mind the shop

Sometimes the task of developing and implementing strategy becomes an all consuming concern of senior management. They forget that they have a business to run, products to make and customers to serve. Strategy development and implementation is just one area of responsibility (although a very important one) of senior management. There are other key responsibilities which also be met. Your shareholders won't thank you if your profits nose-dive because the senior managers are too tied up strategy activities to ensure that day-to-day sales targets are being met.

Also remember to conduct periodic reality checks on the strategy. Unfortunately, the world does not stand still while you are implementing your business strategy. Check that assumptions on which you based your strategy are still valid. Identify/anticipate events or developments, both internal and external, which may require a revision or addition to the strategy. Make they changes quickly and communicate them to all concerned. Word of caution, make sure that the changes are really required and the strategy is not being adjusted in a willy nilly manner.

In conclusion, strategy implementation is always going to be difficult and fraught with the danger of being abandoned through inertia or resistance. Implementing change is never easy. However, in our experience, the task of putting strategy to work can be made much easier and have a greater chance of succeeding by following the 6 basic golden rules outlined above.